

DATE : January 10, 2002

TO : All Medicare+Choice Organizations (M+COs)

SUBJECT: Instructions for the Reconciliation of Payments to M+COs for

Their Hospice Members for Calendar Years (CY) 2001 and 2002—ACTION

This letter is to provide you with the information necessary to reconcile your payments for your hospice members for CY2001 and CY2002. The instructions in this letter repeat most of the information provided in Operational Policy Letter (OPL) 115 dated February 24, 2000. It may be helpful to review the OPL again if you need information on access to the Health Plan Management System (HPMS).

As you may recall, the hospice reconciliation process was instituted as an interim solution until CMS's managed care system could accommodate multiple hospice payment rates for one contract number (H number). This functionality will be implemented in our system for CY2003, therefore, we will need to continue this reconciliation process for payment years 2001 and 2002.

As part of this process, M+COs are required to submit to HPMS aggregate membership information for each of the plan benefit packages (PBPs) that are offered under their contract. This submittal will occur on a retroactive basis at the beginning of CY2002 for 2001 enrollment and CY2003 for 2002 enrollment. Based on the data you submit and the hospice rate information contained in HPMS, an annual hospice payment amount will be computed for each plan. These plan amounts will be rolled up to produce a total hospice payment amount to the M+CO at the contract level. Calendar year payments already made to M+COs for their hospice members will be deducted from this total. An adjustment payment will be made to reflect the additional amount due you for hospice members enrolled in plans with higher hospice capitation rates. This will appear as a CMS adjustment on your plan payment letter.

M+COs are to submit membership information for each PBP, via the Hospice Rate Reconciliation module in HPMS. A chart has been created for each plan that you offer

under your Medicare contract. Edits will be applied to ensure the completeness, accuracy and security of the information. For each month of the calendar year, input;

- (1) the total number of Medicare beneficiaries enrolled in the plan,
- (2) the total number of Medicare beneficiaries electing hospice coverage, as identified on your Monthly Membership Report, enrolled in the plan.

HPMS will merge this membership data with the associated hospice rate data. This information will then be provided to CMS's managed care payment system for calculation of the reconciliation amounts. You are required to submit this data for each of your plans. Missing data will not allow us to complete your reconciliation. Since CMS has paid you at the lowest approved hospice rate for your plans, failure to submit this information will mean an underpayment to your M+CO.

The Hospice Rate Reconciliation module will be available January 15, 2002. M+COs will have from January 15 – March 31, 2002 to input their CY2001 information. On April 1, 2002 the database will be frozen and no additional updates will be allowed. Only data received prior to April 1 will be utilized in the hospice reconciliation. It is expected that M+COs will receive their adjustments during June and July 2002.

For CY2002, M+COs may begin inputting their hospice membership data on January 15, 2003. The data collection period will again be January 15 – March 31, 2003. It is expected that M+COs will receive their adjustments during June and July 2003.

If you have any questions about the information presented in this letter, please contact Jim Dorsey on 410-786-1143 or Ed Howard on 410-786-6368.

Sincerely,

Gary A. Bailey  
Director  
Health Plan Benefits Group, CBC